

REMARKS

This is intended as a full and complete response to the Office Action dated July 7, 2004, having a shortened statutory period for response set to expire on October 7, 2004. Proposed amendments, and corrected drawings reflecting the proposed amendments of Figure 1 are submitted with this response. The specification has been amended as required to correct errors noted by the Examiner. The abstract of the specification has been replaced to meet guidelines as noted by the Examiner. Claims 15 and 16 have been amended per Examiner's instructions. Claims 12, 14, and 23 have been rewritten in independent form. Claims 1-11, 13, 17-22, and 24-35 have been canceled without prejudice. The Applicants aver that no new matter has been introduced in this response.

The Examiner states the drawings are objected to because referring to system 100, slot 122 and a card reader 230 as described in the specification, the numbers are not shown on the drawing. Applicants have made amendments to the drawings as required, included herein, to add the references numbers as instructed.

The Examiner objects to claims 15-17 because of the following informalities: The limitation "device" contradicts the limitation "system" of claim 9 and 14. Examiner suggests changing the limitation "device" to "system". Applicants have made amendments to claims 15 and 16 as suggest by the Examiner.

The Examiner objects to the following informalities: page 9, line 8, presently reads as microprocessor 510 and electrical connection 516. The Examiner suggests such informalities should be rewritten as "microprocessor 520" and "electrical connection 526" according to the Figure 5. Applicants have made corrections to the specification as requested by the Examiner.

The Examiner states that the abstract of the disclosure does not comply with acceptable guidelines. Applicants have made corrections to the abstract as requested by the Examiner.

The Examiner states that Claims 12, 14-16 and 23 are objected to as being dependent upon a rejected base claim, but would be allowable if rewritten in independent form including all of the limitations of the base claim and any intervening claims. Referring to claim 12, the Examiner states the following reasons for the

indication of allowable subject matter. The Examiner states the prior art fail to suggest limitations that wherein the key confirmation processor approves a transaction if the contents of the first counter matches contents of the second counter within a predetermined range.

Referring to claim 14, the Examiner states the following reasons for the indication of allowable subject matter. The Examiner states the prior art fail to suggest limitations that the key confirmation processor is programmed to confirm an authenticity of the key in a manner at least partially dependent upon the contents of the second counter and an output of the second clocking mechanism.

Referring to claim 23, the Examiner states the following reasons for the indication of allowable subject matter. The Examiner states the prior art fail to suggest limitations that maintaining first and second clocking devices configured to respectively produce first and second clock signals; wherein: said step of generating a security key comprises generating a security key in a manner at least partially dependent upon the count and the first clocking device; and said step of confirming the security key comprises confirming that the security key was generated by an authorized user at least in part through use of the second count and the second clock signal. The Applicants have rewritten claims 12, 14, and 23 in independent form. Therefore, the Applicants submit that the objections have been obviated and respectfully request that the claims be allowed.

The Examiner states that claim 36 is allowable.

In conclusion, having addressed all issues set out in the office action, the Applicants respectfully submit that the claims are in condition for allowance and respectfully request that the claims be allowed.

The prior art made of record is noted. However, it is believed that the secondary references are no more pertinent to the Applicant's disclosure than the primary references cited in the office action. Therefore, it is believed that a detailed discussion of the secondary references is not deemed necessary for a full and complete response to this office action. Accordingly, allowance of the claims is respectfully requested.

Respectfully submitted,



C. Bart Sullivan
Registration No. 41, 516
1543 Sherman Dr.
Benicia, CA 94510
Telephone: (707) 746-1762
Facsimile: (801) 640-3947
Agent for Applicant(s)

IN THE DRAWINGS:

The Applicant proposes amendment of the drawings to correct errors noted subsequent to filing the application. The Applicant has submitted a proposed annotated marked-up drawing sheet and a replacement sheet.

Figure 1 has been amended to add the number of the credit card processing system 100, and slot 122 integral to magnetic strip reader 120.



ANNOTATED MARKED-UP SHEET

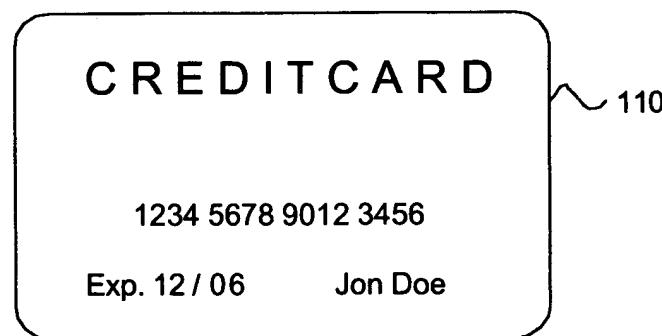
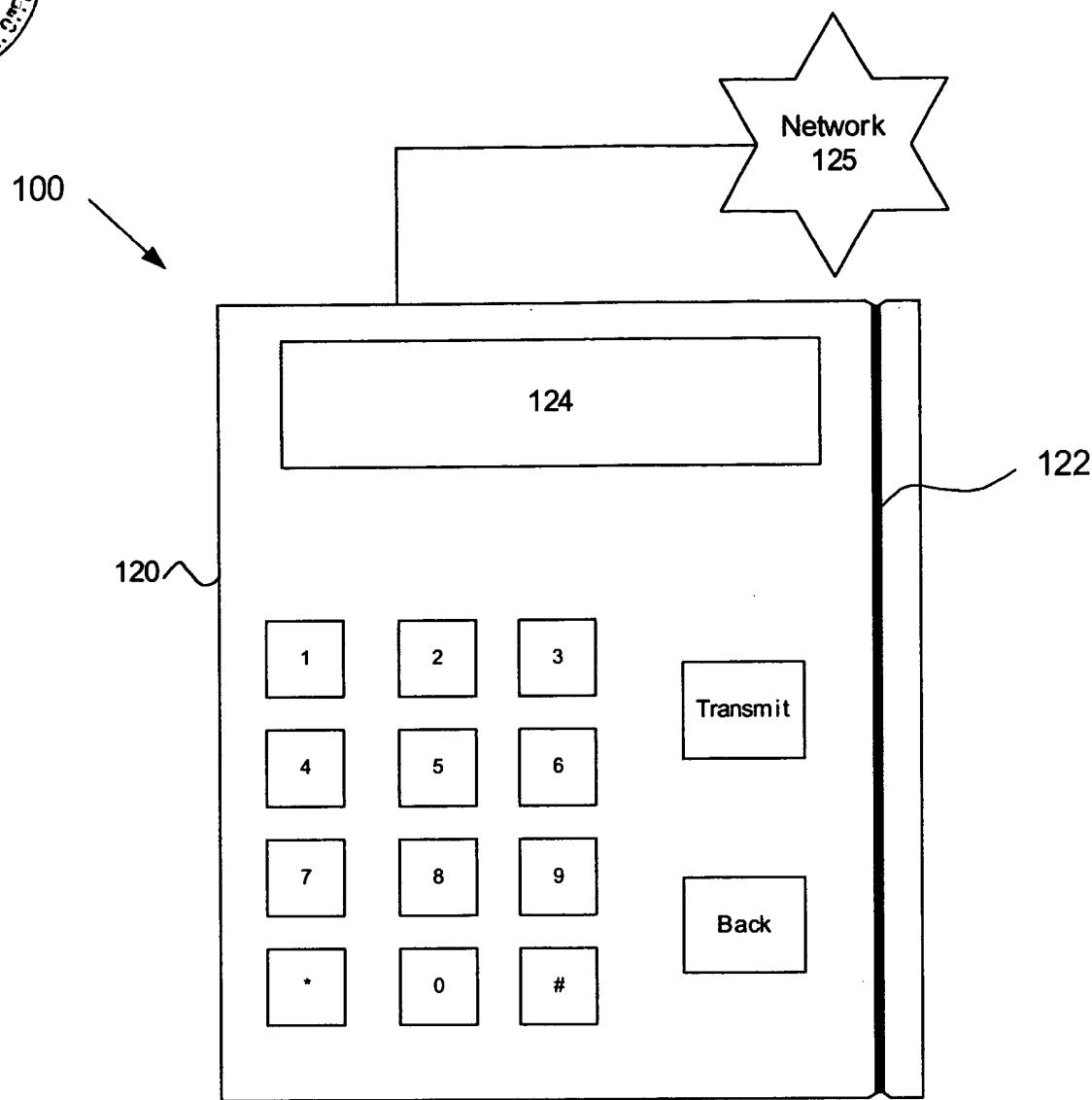


FIG. 1 (Prior Art)